

GOVERNMENT OF  
THE UNITED STATES VIRGIN ISLANDS



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DEPARTMENT OF FINANCE

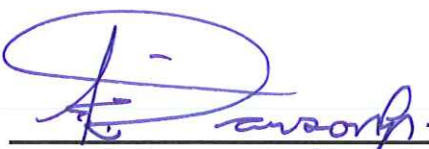
FINANCE MEMORANDUM NO 016-2011

TO: Department Heads, Agencies and Activities

SPECIAL ATTENTION TO:

Directors, Business and Administrative Services,  
Fiscal Officers and Directors, Federal Program Officers

FROM:

  
Angel E. Dawson, Jr., Commissioner  
Department of Finance

  
Lynn A. Millin-Maduro, Commissioner  
Department of Property & Procurement

DATE: September 19, 2011

Re: Statement of Policies and Procedures (SOPP) #400 - Fixed Assets

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As we continue to identify and subsequently resolve internal control deficiencies throughout the Government of the Virgin Islands (GVI), the Department of Finance (DOF) and Department of Property and Procurement has updated the GVI's existing policies and procedures surrounding Fixed Assets. Using the Statement of Policies and Procedures (SOPP) as a mechanism to standardize and continuously improve the internal control structure of the GVI, we incorporated the policies and procedures from our ERP system, while employing best practices in our processes through a series of extensive discussions and reviews.

To ensure proper uniformity and compliance with regulations for purchases of fixed assets made throughout GVI, this correspondence, in conjunction with the enclosed SOPP #400, outlines the protocols that will be instituted, effective October 1, 2011.

We welcome the opportunity to incorporate any suggestions that you may have to enhance SOPP #400 and update this document as time progresses. Thus, if you have any additional comments, questions, or concerns, please feel free to contact Mr. Calvert Birmingham, Associate Accountant of Financial Reporting, at 774-4750 Ext. 2130.

Thank you for your time and consideration.

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|---|---|
| <b>SOPP # 400<br/>(Fixed Assets)</b>              | <b><u>Prepared By:</u> Financial Reporting</b>  |
| <b><u>Effective Date:</u><br/>October 1, 2011</b> | <b><u>Approved By:</u> Commissioner of Finance</b>  |
| <b>Title</b>                                      | <b>Fixed Assets</b>   |
| <b>Purpose</b>                                    | To ensure uniformity and compliance with regulations for purchases of fixed assets made throughout the Government of the Virgin Islands (GVI).  |
| <b>Policies</b>                                   | <ul style="list-style-type: none"> <li>For purposes of properly identifying fixed assets across GVI, a fixed asset is defined as tangible property and/or equipment, such as land, buildings, construction-in-progress, vehicles, furniture, office equipment, computers, machinery, etc., with a "Unit Price" per item purchased as follows: <ul style="list-style-type: none"> <li>❖ General/Special &amp; Other Funds: \$500.00</li> <li>❖ Federal Funds: \$500.00</li> </ul> </li> <li>➤ <b><u>NOTE:</u></b> Any fixed asset with a "Unit Price" per item purchased of less than \$5,000.00 will not be considered for depreciation; however, these items will be included as part of the overall fixed asset listing.</li> <li>Requisitions initiated for the purchase of fixed assets must be completed and/or populated by line item, along with the following fields: 1) Quantity, 2) Description, and 3) Unit Price. <ul style="list-style-type: none"> <li>➤ <b><u>CAVEAT:</u></b> Requisitions for the purchase of fixed assets in non-compliance with this policy will be rejected by the Department of Property &amp; Procurement (P&amp;P). To ensure efficient processing of requisitions, departments/agencies are encouraged to review requisitions prior to submission to P&amp;P.</li> </ul> </li> <li>Requisitions initiated for the purchase of fixed assets composed of the same make and model, or composed of individual components that create one functional unit (i.e. computers) will require detailed information to be entered for each item. <ul style="list-style-type: none"> <li>➤ <b><u>EXAMPLE:</u></b> If a requisition is for the purchase of 10 refrigerators at \$1,000 each, the requisition must reflect this in the Detail Section with a Quantity of 10 and a unit price of \$1,000. It is not acceptable to have 1 item at \$10,000.</li> </ul> </li> <li>Requisitions initiated for the purchase of fixed assets must be flagged within the ERP system at the <b>Line Detail Screen</b>, under the <b>Miscellaneous Section of the Requisition Entry Module</b>. Set the flag equal to "Y", as displayed in the screen shot below.</li> </ul> |



Policies  
(Cont'd)

**Line Detail**

My File Edit Tools Help

Requisition  
Fiscal year 2011 Number 37393 Line 1

Detail  
Quantity 1.00 Unit price .00000  
Commodity UOM Each  
Inventory Freight .00  
Item Discount percent .00  
Location Credit .00  
Type Purchase Line item total .00  
Amount justification: UNKNOWN

Description: TABLE  
Add Desc/Notes

Miscellaneous  
Vendor 17338  
Email  
1099 box  
Bid  
Dept/Loc 3901 DEPARTMENT OF FINANCE STT  
Required by  
Requested by  
Fixed asset N  
WO Number  
WO Task 0  
Notify buyer

| Seq | Org | Obj | Project | Description | Amount | GL Bud |
|-----|-----|-----|---------|-------------|--------|--------|
|     |     |     |         |             |        |        |

Select Master, Yes or No.

- Departments/agencies must obtain a Vendor's Delivery "Packing Slip" (and/or Commercial Invoice), to ensure that the items physically received match the Vendor's Packing Slip and/or Commercial Invoice of what the Vendor says they shipped to the agency.
- All fixed assets received by a department/agency must be marked with a property tag (**Blue tag** for Federal Assets, **Red tag** for local GVI assets).
- The Department/Agency Head must designate a "Receiving Clerk", and a "Data Entry Clerk" (i.e., by position title) who will be responsible for the receipt and recording of fixed assets respectively.
  - **NOTE:** For the purpose of proper segregation of duties, the Designated Receiving Clerk **cannot be** the same individual that enters the requisition(s) associated with the converted purchase order.
- For all fixed asset transactions, the Data Entry Clerk **must** attach the Fixed Asset Tracking Form (which can be found at <http://www.usvfinance.info/html/Financial-Policies.html>), along with the Vendor Receiving/ Proof of Delivery (POD) documents prior to payment approval by the Department of Finance (DOF).

|  | <p>➤ <b>NOTE:</b> The only exception to this rule would be if the case of prepayment for a fixed asset. If the asset is paid for before actually receiving an invoice and the PO is signed by the Commissioner of P&amp;P authorizing the purchase, then that will suffice for payment approval by DOF.</p> <ul style="list-style-type: none"><li>Leased equipment will not be recorded as fixed assets (they are not owned by the GVI) unless the equipment is deemed recordable by DOF. If the aforementioned scenario arises, the equipment will be added as a non-capitalized and non-depreciable asset.<ul style="list-style-type: none"><li><b>NOTE:</b> Only when leased equipment is purchased under a capital lease will it be recorded as capitalized and/or depreciable.</li></ul></li><li>For purposes of properly identifying capital assets across GVI, a capital asset is defined as tangible property and/or equipment which cannot easily be converted into cash, and which is usually held for a long period of time. The established categories, along with the useful life, and thresholds for these assets are as follows:</li></ul> <table><tr><th>CLASS OF ASSET</th><th>USEFUL LIFE</th><th>THRESHOLD</th></tr><tr><td>Land</td><td>-</td><td>-</td></tr><tr><td>Personal Property (All classes of Machinery and Equipment)</td><td>5 yrs.</td><td>\$5,000.00</td></tr><tr><td>Buildings</td><td>40 yrs.</td><td>\$50,000.00</td></tr><tr><td>Building Improvements</td><td>20 yrs.</td><td>\$50,000.00</td></tr><tr><td>Land Improvements</td><td>20 yrs.</td><td>\$100,000.00</td></tr><tr><td>Infrastructure</td><td>30 yrs.</td><td>\$200,000.00</td></tr></table> <ul style="list-style-type: none"><li>All new Construction-in-Progress (CIP) projects, <b>effective October 1, 2011</b>, must be recorded and tracked by the Department of Public Works (DPW) using the Projects/Grants Accounting Module.</li></ul> | CLASS OF ASSET | USEFUL LIFE | THRESHOLD | Land | - | - | Personal Property (All classes of Machinery and Equipment) | 5 yrs. | \$5,000.00 | Buildings | 40 yrs. | \$50,000.00 | Building Improvements | 20 yrs. | \$50,000.00 | Land Improvements | 20 yrs. | \$100,000.00 | Infrastructure | 30 yrs. | \$200,000.00 |
|--|---|----------------|-------------|-----------|------|---|---|--|--------|------------|-----------|---------|-------------|-----------------------|---------|-------------|-------------------|---------|--------------|----------------|---------|--------------|
| CLASS OF ASSET   | USEFUL LIFE   | THRESHOLD      |             |           |      |   |   |  |        |            |           |         |             |                       |         |             |                   |         |              |                |         |              |
| Land   | -   | -              |             |           |      |   |   |  |        |            |           |         |             |                       |         |             |                   |         |              |                |         |              |
| Personal Property (All classes of Machinery and Equipment) | 5 yrs.  | \$5,000.00     |             |           |      |   |   |  |        |            |           |         |             |                       |         |             |                   |         |              |                |         |              |
| Buildings  | 40 yrs.   | \$50,000.00    |             |           |      |   |   |  |        |            |           |         |             |                       |         |             |                   |         |              |                |         |              |
| Building Improvements                                      | 20 yrs.   | \$50,000.00    |             |           |      |   |   |  |        |            |           |         |             |                       |         |             |                   |         |              |                |         |              |
| Land Improvements  | 20 yrs.   | \$100,000.00   |             |           |      |   |   |  |        |            |           |         |             |                       |         |             |                   |         |              |                |         |              |
| Infrastructure   | 30 yrs.   | \$200,000.00   |             |           |      |   |   |  |        |            |           |         |             |                       |         |             |                   |         |              |                |         |              |
| Procedures   | <p><b><u>Operational Procedures</u></b></p> <ol style="list-style-type: none"><li>Obtain a copy of the PO (i.e., MUNIS system printout from the Department of Property &amp; Procurement), and obtain the Vendor's Packing Slip and/or Commercial Invoice and Driver's Bill of Lading (B/L) which comes with the Vendor's delivery driver. "Rubber stamp and write in" (or just write on the paperwork) the Vendors Bill of Lading, Packing Slip, and/or Commercial Invoice a "signature/date/quantity received box" for the Designated Receiving Clerk to sign, date, and record the actual quantity received and any exceptions on the delivery documents.</li><li>Physically check-off the items delivered against the Vendor's delivery Packing Slip (and/or Commercial Invoice), to ensure that the items physically received match the Vendor's Packing Slip and/or Commercial Invoice of what the Vendor says they shipped to the agency.</li></ol>  |                |             |           |      |   |   |  |        |            |           |         |             |                       |         |             |                   |         |              |                |         |              |



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|  | <ul style="list-style-type: none"> <li>➤ Open cartons/packages (as necessary) to ensure that the ordered units from the Vendor are actually "inside" the carton.</li> <li>➤ Check-off and notate on the Packing Slip and/or Commercial Invoice the number of pieces (cartons) delivered, short, over, damaged or shipped in error.</li> <li>➤ Immediately advise the Director of any discrepancies between quantities counts actually received vs. the quantity on the Vendor Packing Slip and/or Commercial Invoice for each PO line item.</li> </ul> <p>3) Physically sign the Driver's Bill of Lading (B/L), Packing Slip (P/S) and/or Commercial Invoice as the Vendor Proof of Delivery (POD) in the "rubber stamped signature/date/quantity box" (or just write on paperwork).</p> <p>4) Physically make a copy of the signed Driver's Bill of Lading, Packing Slip and/or Commercial Invoice. Give the Driver the original "signed" copy of the Bill of Lading. Driver leaves the receiving Division with his "signed" paperwork. Retain one copy of the "signed" Driver's Bill of Lading, Packing Slip and/or Commercial Invoice.</p> <p>5) Physically open the received packages/cartons and inspect the items received. Notate and advise the Director of any missing or damaged items. Tag asset items with asset property tag – <b>Blue tag</b> for assets purchased with Federal Funds and <b>Red tag</b> for assets purchased with local GVI Funds.</p> <p>6) The Fixed Asset Tracking Form must also be filled out by the receiving clerk. (this is to be given to the Data Entry Clerk to be entered on the Receiving record in MUNIS).</p> <ul style="list-style-type: none"> <li>➤ <b>NOTE:</b> With the Designated Receiving Clerk signing of the Vendor Bill of Lading, Packing Slip, and/or Commercial Invoice as the Vendor Proof of Delivery, the department/agency, or the GVI now "owns and has accountability" for the goods.</li> </ul> <p>7) Update the "quantity of items received" in the PO module of MUNIS.</p> <p>8) Scan the signed B/L, the Fixed Asset Tracking Form, and the "checked off" Packing Slip and/or Commercial Invoice, and 'attach' these scanned Vendor Receiving/ POD documents as a "paperclip .pdf file" to the Receiving record in MUNIS.</p> <p>9) For all CIP, a designated employee from DPW determined by the agency head (i.e. position title) will be responsible for notifying P&amp;P and DOF designees that a project is complete (or when phases are completed) via a bona fide "Letter of Acceptance" from the contractor.</p> |
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- **NOTE:** The DOF designee will then change the information on the capital asset (depreciation flag, asset account, depreciation expense account, accumulated depreciation) so it can reflect a depreciable item of the GVI.

#### **System Procedures**

1. For detailed procedures on entering a requisition, see MUNIS GVI Manual – Requisitioning.
  2. For detailed procedure on using the Projects/Grants Accounting Module, see MUNIS GVI Manual – Grants/Project Accounting.
- **The Fixed Asset Tracking Form can be found at:**  
<http://www.usvifinance.info/html/Financial-Policies.html>
  - **All Processing Documentation can be found at:**  
<http://www.usvifinance.info/html/VisionERPmanuals.html>

#### **Revision History**

| Revision # | Date      | Description of changes                         | Requested By |
|------------|-----------|--|--------------|
| 0          | 8/31/2011 | Initial Release                                | VC, CB       |
| 1          | 9/6/2011  | Additions to Policies                          | CB           |
| 2          | 9/17/2011 | Reviewed and submitted for final distribution. | VC           |
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